

INSPECTION REPORT

Nevada Division of Environmental Protection Bureau of Water Pollution Control

FACILITY PERMIT: NS0092037

FACILITY TITLE: WABUSKA POWER PLANT

FACILITY DESCRIPTION: GEOTHERMAL POWER PLANT

FACILITY LOCATION: 15 JULIAN, YERINGTON, NV 89447

APPROVED OUTFALLS:

| | |
|-----|------------------|
| 001 | INTERNAL OUTFALL |
| 002 | INTERNAL OUTFALL |
| 003 | INTERNAL OUTFALL |
| 004 | EXTERNAL OUTFALL |
| 005 | EXTERNAL OUTFALL |
| 006 | SUM |
| 007 | SUM |

DATE OF INSPECTION: 4/14/2016

TYPE OF INSPECTION: RECONNAISSANCE INSPECTION (RI)

ATTENDEES:

PAT MOHN, P.E., NDEP
MARK KAMINSKI, P.E., NDEP
LUKE OPPERMAN, P.E., NDWR
CORY EGBERT, HOMESTRETCH
LOGAN EGBERT, HOMESTRETCH

DISCHARGE RATE: 5.7 MGD

PERMITTED QUANTITY: 7.2 MGD

DATE OF REPORT: 5/20/2016

INTRODUCTIONS/FACILITY OVERVIEW

Homestretch Geothermal, LLC. operates the Wabuska Geothermal Power Plant, which is located about 12 miles north of the town of Yerington in Lyon County, Nevada. Spent geothermal water is discharged to playas located near the plant. Some of the discharged geothermal water is also used for irrigation. Several internal and external outfalls are permitted. Discharge to groundwater is authorized via percolation, as specified in Homestretch's current groundwater discharge permit NS0092037.

On March 14, 2016, the BWPC received an anonymous report (BCA Spill Report 160314-02) that there was a breach of an impoundment basin and spill of geothermal water, over a period of several days, to the Wabuska Drain and the Walker River. The anonymous reporter indicated that "millions of gallons" of geothermal fluids were discharged.

The individual indicated that the spill occurred on January 22, 2016. A video of the alleged spill was provided to the NDEP by the individual who reported the incident; the March 14 spill report indicated that neighbors in the area alerted Homestretch of the spill on the same day, January 22.

On March 15, 2016, BWPC inspectors did a site interview with Homestretch personnel to obtain background information on the incident. However, the spill site was not accessible on that day. The BWPC decided that a more thorough site visit would be performed after Homestretch prepares and submits a 5-day spill report. Therefore, a reconnaissance inspection (RI) was scheduled for April 14, 2016.

Homestretch provided a document entitled "Five Day Report" to the BWPC just prior to the RI. The "Five Day Report" was received by the NDEP, via e-mail, as a Word document, on or about April 7, 2016, based on the electronic date of the document.

The original BWPC reconnaissance inspection report (Inspection ID 1108) was prepared April 21, 2016. The final version incorporates comments by internal reviewers, information, and supplemental attachments.

DISCHARGE MONITORING REPORTS

The BWPC reviewed the 2015 DMR reports for Homestretch. The 2015 average total discharge of spent geothermal fluids from the permitted outfalls, combined, was 5.7 MGD; the total permitted flow is 7.2 MGD. Outfalls utilized in 2015 were the Alkali Flat (003), Ski Lake (004), and Meat Plant (005). The Ski Lake and Meat Plant outfalls are external discharges via export pipelines.

The average TDS concentration of the spent geothermal fluid discharged to Outfall 005 (Meat Plant) was 934 mg/L in 2015, with a measured value of 1,000 mg/L in November 2015. These values are close to the Primary Drinking water (DW) standard for TDS.

A summary of the other constituents of the discharged geothermal water are given in the attachments to this report (Table 1). The non-contact process water from this facility is of generally high quality, with only elevated levels of arsenic, fluoride, and sulfate relative to the Primary and Secondary DW standards. Some elements are also elevated relative to standards for the reach of the Walker River downstream of the Wabuska Drain discharge, as noted in Table 1.

Homestretch's current groundwater discharge permit does not specify discrete limits for the inorganic chemical constituents; some constituents of groundwater, including arsenic, are often elevated in geothermal areas.

Because Homestretch's current permit does not have discrete limits for any inorganic constituent, there are no reportable exceedances with respect to the chemistry of the water discharged from the Meat Plant Outfall (005).

FACILITY WALKTHROUGH

DCNR staff made a site visit to Homestretch Geothermal on the morning of April 14, 2016 (10 AM). DCNR staff included engineers Luke Opperman (NDWR), Pat Mohn (NDEP/BWPC), and Mark Kaminski (NDEP/BWPC). Representatives from Homestretch included Mr. Cory Egbert and Mr. Logan Egbert.

At the beginning of the site visit, Homestretch briefed DCNR staff on the overall aspects of their operation, including a summary of the various land leases for irrigation and water storage. They also summarized the impoundment breach and spill event.

Homestretch apparently leases two large tracts of land for irrigation and/or water storage purposes, hereinafter referred to as the Morose and Palmer Tracts. Outfall 005 discharges to the Morose Tract. The NDEP/BWPC issued a temporary discharge permit on April 21, 2016 (TNS-42004) to Homestretch for irrigation of the Palmer Tract.

As noted earlier, the purpose of the NDEP/BWPC reconnaissance inspection was to gather more facts regarding the impoundment breach and spill which occurred on January 22. Homestretch personnel were very cooperative and drove DCNR staff to various locations on their property and leased land during the April 14, 2016 site visit. The following is a summary of the reconnaissance inspection.

Inspection of Alkali Flat and Ski Lake Pipeline

Homestretch is authorized under their current groundwater discharge permit to convey spent geothermal water to Outfalls 003 (Alkali Flat) and Ski Lake (004). The Ski Lake location shown in the attachments is not the actual outfall, but represents the location where the export pipeline can be observed.

During the site visit, C. Egbert informed DCNR staff that Homestretch has future plans to turn a portion of the Alkali Flat Playa into a permanent storage reservoir, and that they have engaged a firm to begin geotechnical studies of the area.

Homestretch said during the site visit that the proposed Alkali Flat reservoir will have a storage capacity of 5,000 ac-ft, with a depth of 20 feet, covering approximately 210 acres. NDEP/BWPC advised Homestretch during the site visit that such an endeavor would at least require a major modification to their existing discharge permit, along with agency review of plans and specifications, public notice, and public comment.

Morose Tract and Meat Plant Outfall (Outfall 005)

Discharge of spent geothermal water, via an export pipeline, to the Morose Tract is allowed under Homestretch's current discharge permit from the discrete Outfall 005. As was evident from the site visit and review of aerial images, the Morose Tract has a number of constructed partial impoundments for water storage, and it is clear that the discharge from Outfall 005 is not used for irrigation there.

The location of the impoundment breach, and the January 22 spill, is at the northerly edge of the Morose Tract (i.e. the North Central Berm, as described by Homestretch).

As noted in their "Five Day Report", Homestretch has not discharged geothermal water from the Meat Plant Outfall 005 since the January 22 spill. C. Egbert indicated that the area around the spill site is too wet to move equipment in to rehabilitate the North Central Berm. But, C. Egbert indicated that they would like to eventually restore and strengthen the berm once the area is dry enough.

There is another area to the south on the Morose Tract where Homestretch would like to discharge water. Homestretch referred to this southern area as the "South Pond" or "Roadway Pond", but Homestretch currently does not have a permitted outfall for the southern area. During a conference call on April 21, 2016, C. Egbert was advised by the BWPC that discharge permits are written to delimit specific outfall locations.

Wabuska Drain and Spill Location

The Wabuska Drain is managed by the Walker River Irrigation District. It is evident that Homestretch constructed the North Central Berm along the Morose Tract boundary. Homestretch informed DCNR staff that the BLM controls the land immediately north of the Morose Tract.

DCNR staff observed the Wabuska Drain and the constructed berm at the northern

boundary of the Morose Tract on April 14, but were not able to go to the location of the spill site. The spill site was not accessible because of continued wet conditions on the ground. Homestretch pointed out the location of the breach, which was about 0.5 mile due east of the point of observation (see Photo 4).

As noted in Homestretch's "Five Day Report", discharge from the spill flowed in a northerly direction onto BLM land, into and over the Wabuska Drain, and then onto the southeastern part of the Alkali Flat Playa. Homestretch indicated that the width of the impoundment breach is about 50 feet.

Homestretch estimated that 364 acre-feet (119 million gallons) of water spilled from the Morose tract impoundment over a 48-hour period (January 22 & 23, 2016). The BWPC generally concurs with Homestretch's estimate of the total release. However, Homestretch did not provide an estimate of the portion of the spill that may have reached the Walker River through the Wabuska Drain. During a conference call on April 21, 2016, the BWPC requested that Homestretch provide an estimate of the spill discharge through the Wabuska Drain using local hydrographic data; to date, Homestretch has not yet provided such estimate.

The Nevada Division of Water Resources (NDWR) was also notified of the impoundment breach; subsequently, NDWR sent a certified letter to Homestretch, dated March 22, 2016, noting that USGS stream gauge data revealed a large inflow into the Walker River on January 22, 2016, which coincided with the date of the impoundment breach and spill from the Morose Tract.

NDWR made a preliminary estimate of how much of the spill may have flowed through the Wabuska Drain using flow hydrograph data (USGS gauging station 10301495, Figure 5). NDWR estimated that 123 ac-ft (40.1 million gallons) of water from the spill reached the Walker River via the Wabuska Drain.

It appears from the USGS hydrograph that flow in the drain returned to a base level of 4 cfs after 4 to 5 days. The maximum flow observed at the gauging station from the spill was 35 cfs on January 22, 2016.

Palmer Tract Activities

Homestretch personnel then drove DCNR staff to the Palmer Tract. Homestretch presumably leases the Palmer Tract primarily for irrigation. DCNR staff noted that some of the land on the Palmer Tract had been recently cleared and grubbed. As noted earlier, Homestretch was issued a temporary discharge permit for irrigation of a portion of the Palmer Tract, because Homestretch's current groundwater discharge permit does not have a discrete outfall for this area.

DCNR staff were also shown a newly-constructed, narrow impoundment structure for water storage in the western half of the Palmer Tract. The length of the impoundment is estimated to be about 1.4 miles, based on odometer readings while driving on the top of the constructed berm. The impoundment observed by DCNR staff is shallow (nominally 5 feet deep at the lowest point) and asymmetric. The

newly-constructed impoundment is nominally 100 feet wide.

Although the new temporary discharge permit (TNS-42004) mentions that irrigation runoff water will be diverted to storage for evaporation and percolation, Homestretch did not provide a map of the location of the new impoundment in their application for a temporary discharge permit, nor did they provide design drawings or plans for the impoundment.

DCNR 2016 Orders

The Nevada Division of Water Resources (NDWR) sent a certified letter, dated March 22, 2016, requesting information on the construction and operation of all of the impoundments operated by Homestretch Geothermal, LLC. NDWR advised Homestretch that no future construction, reconstruction, or alteration of any embankment, existing or otherwise, may be performed without a safety of dams permit.

The March 22 letter from NDWR also apprised Homestretch of the large inflow of water to the Walker River, coincident with the dam breach (i.e. the Morose Tract spill), as shown by USGS stream gauge data for January 22, 2016.

On April 21, 2016, the NDWR issued a Cease-and-Desist order to Homestretch prohibiting further construction of the "dam in question", which the BWPC has confirmed to be the new Palmer Tract impoundment, until Homestretch produces design drawings for the dam and obtains a permit from the State Engineer for the dam. The NDWR order also prohibits the discharge and storage of any water to the dam in question (i.e. the Palmer Tract impoundment).

On April 22, 2016 the NDEP-BWPC issued a Cease-and-Desist order to Homestretch, prohibiting any discharge of geothermal water to the Meat Plant Outfall 005, in order to prevent further discharges to the Wabuska Drain.

On May 11, 2016, the NDEP-BWPC issued a Finding of Alleged Violation (FOAV) and Order NOV051116W1 to Homestretch. Homestretch was ordered to provide the information requested by the close of business on June 1, 2016.

CONCLUSIONS

Based on the BWPC observations during the site visit and review of Homestretch's groundwater discharge permit, the following conclusions are made regarding the impoundment breach and spill which occurred on January 22, 2016:

1. The breach and spill of water from the impoundment on the Morose Tract is an unauthorized discharge, because Homestretch's current groundwater discharge permit does not have a permitted outfall at the point where the spill occurred.

2. The breach and spill from the impoundment on the Morose Tract released 364 ac-ft (119 million gallons) of water from the unauthorized discharge point, as estimated by Homestretch, over a 48-hour (2-day) period. However, it is likely that the duration of the discharge from the spill occurred over a longer period of time, perhaps as long as 3 days, as evidenced from the USGS hydrograph data.
3. Homestretch was allegedly apprised of the breach and spill by neighbors on January 22, 2016. Homestretch's "Five Day Report" indicated that they knew when the spill began, because they gave the date and approximate time of the occurrence of the spill in the "Five Day Report"; however, Homestretch did not report the spill to the BWPC within 24-hours, as required in their current groundwater discharge permit; a report of the spill was received anonymously by the NDEP on March 14, 2016. Nor did Homestretch timely provide a 5-day report, which is also required under their current groundwater discharge permit. The NDEP received the 5-day report on or about April 7, 2016.
4. The breach and spill from the impoundment on the Morose Tract released nominally 123 ac-ft (40.1 million gallons) of water to the Wabuska Drain, as established by the DCNR analysis of USGS hydrograph data for the day of the spill.
5. The Wabuska Drain is included in Waters of the State, as described in NRS 445A.415. Discharges to Waters of the State are prohibited unless a State Water Pollution Control (WPC) permit allows such discharge.
6. The Wabuska Drain discharges to the Walker River, which is included as Waters of the United States. Discharges from point sources to Waters of the United States are only authorized under a Federal National Pollutant Discharge Elimination System (NPDES) permit.
7. The impoundment constructed by Homestretch on the Morose Tract is primarily used to store spent geothermal water from the Wabuska Power Plant. There is no evidence that any part of the Morose Tract is being irrigated for crops. As such, the impoundments on the Morose Tract are considered disposal facilities, for which Homestretch did not submit plans for approval by the BWPC.
8. Homestretch constructed another surface impoundment on the Palmer Tract for diversion and storage of irrigation run-off water. Homestretch was issued a temporary discharge permit on April 21, 2016 for irrigation purposes. However, an NDWR Cease-and-Desist order prohibits discharge and storage of water in the Palmer Tract impoundment, until such time as Homestretch submits plans and specifications to the NDWR and obtains a dam permit from the NDWR.

FINDINGS

| No. | SEV Description | Finding Text | Permit Section | Due Date |
|-----|-----------------|--------------|----------------|----------|
|-----|-----------------|--------------|----------------|----------|

| | | | | |
|---|--|---|---|------------|
| 1 | Effluent Violations - Unapproved Bypass | Failure to report the spill immediately to the NDEP Spill Report Hotline. | II.A.4.A. | 06/01/2016 |
| 2 | Effluent Violations - Unapproved Bypass | Failure to report the discharge from the spill point to the NDEP within 24-hours of the spill. | II.A.4.B. | 06/01/2016 |
| 3 | Effluent Violations - Unapproved Bypass | Failure to submit a 5-Day report to the NDEP within 5 days of the spill incident. | II.A.4.C. | 06/01/2016 |
| 4 | Permit Violations - Discharge Without a Valid Permit | The spill from the breach in the impoundment on the Morose Tract was not an authorized discharge point. The spill point meets the definition of a point source (NRS 445A.395). Homestretch's current groundwater discharge permit does not have the spill point as a permitted outfall. | I.A.5. | 06/01/2016 |
| 5 | Effluent Violations - Narrative Effluent Violation | The impoundments on the Morose Tract are considered effluent disposal areas. Homestretch failed to submit plans for approval by the NDEP prior to construction of the impoundments. | I.A.9. | 06/01/2016 |
| 6 | Permit Violations - Discharge Without a Valid Permit | The spill discharged to the Wabuska Drain, which is a tributary to the Walker River. The Walker River is included as Waters of the United States. Homestretch's current permit does not allow point source discharge to Waters of the U.S. | NAC 445A.228.1, NRS 445A.465.1A, AND CWA 402. | 06/01/2016 |

RECOMMENDATIONS

| No. | Recommendation |
|-----|---|
| 1 | Issue a Finding of Alleged Violation (FOAV) for each of the six counts listed above. |
| | Homestretch must be prohibited from constructing any new impoundments for the disposal and storage of spent geothermal water until such time as plans and |

| | |
|---|--|
| 2 | specifications for such impoundments are submitted and approved by the NDWR and the NDEP-BWPC. Plans and specifications for such impoundments must be prepared and wet-stamped by a Nevada Registered Professional Engineer. |
| 3 | The BWPC must not approve any discharge of spent geothermal water to the Meat Plant Outfall (005) until such time as all NDWR and NDEP-BWPC compliance issues are resolved. |
| 4 | Prohibit Homestretch from discharging run-off irrigation water or other water to the newly-constructed storage impoundment on the Palmer Tract, until such time as the NDWR certifies and permits the new impoundment on the Palmer Tract. |

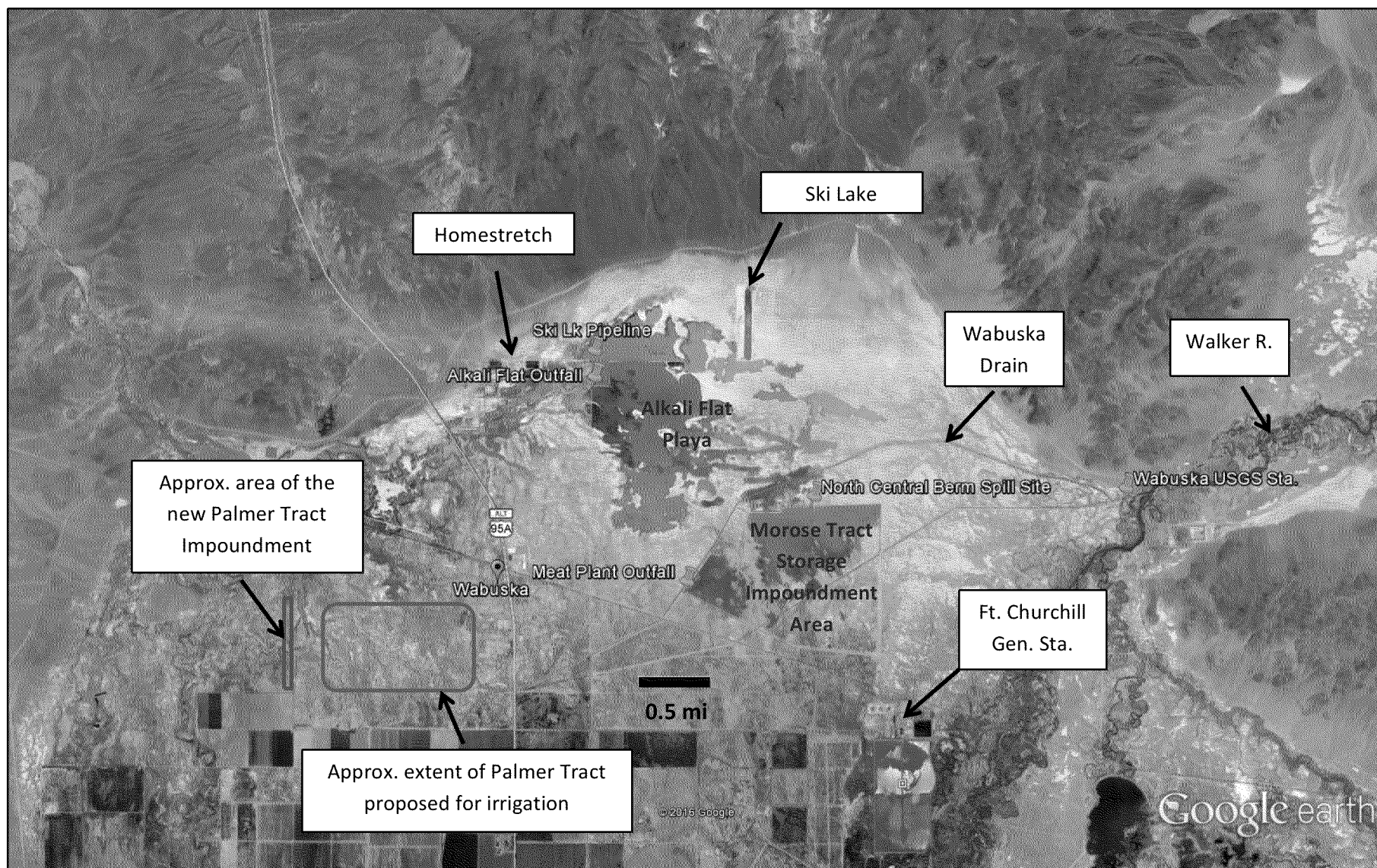


Figure 1: General location of Homestretch Geothermal and the Wabuska Drain, north of Yerington, in Lyon County, Nevada. Select permitted outfalls are shown (Ski Lake, Alkali Flat, and Meat Plant), as is the North Central Berm Spill Site and the Wabuska Drain USGS stream gauging station. Imagery date is 6/13/2015.

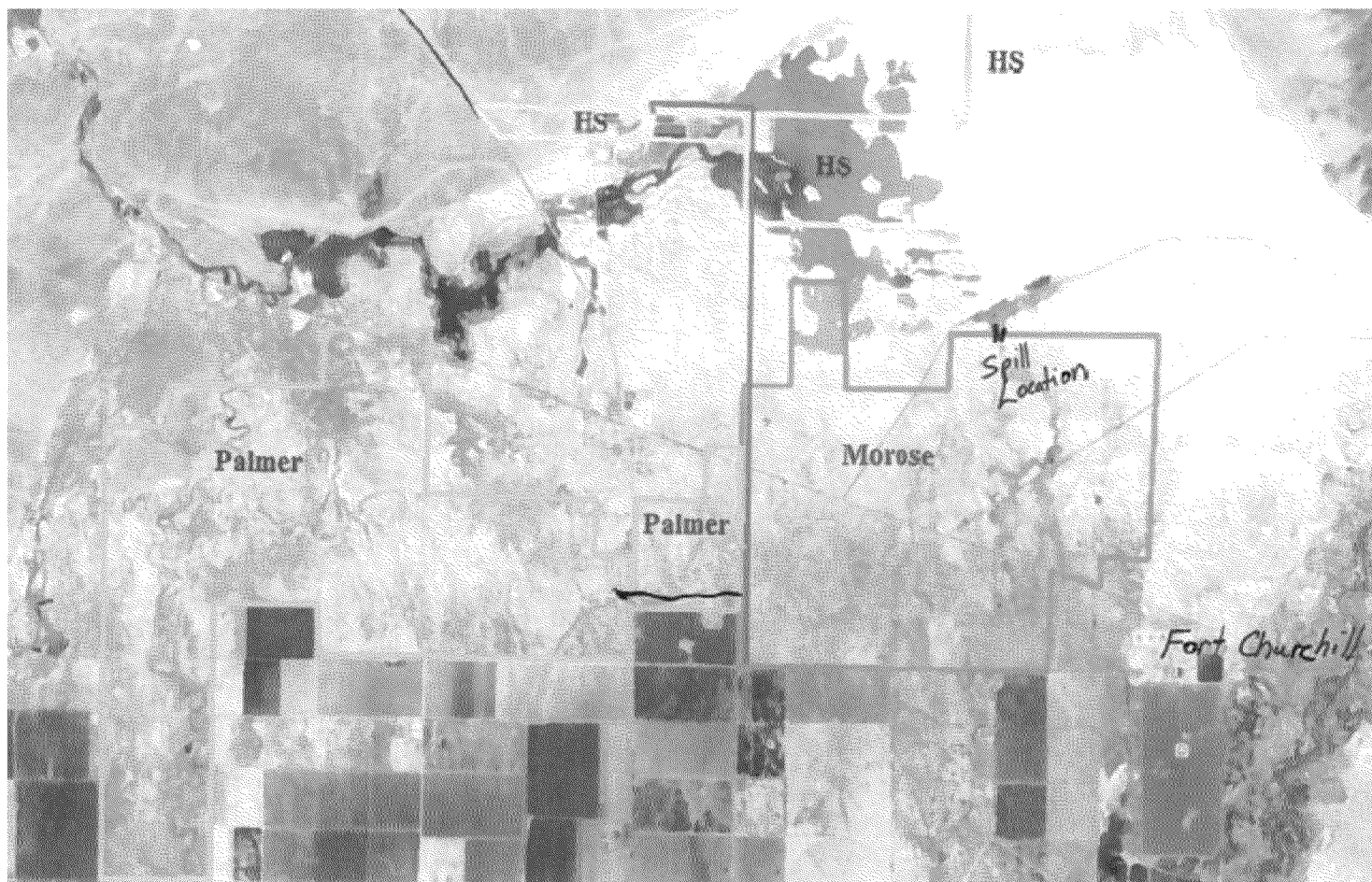


Figure 2: Scanned image of the general location of the properties leased and/or owned by Homestretch Geothermal. The figure and the annotations were provided as hardcopy to the BWPC on April 14, 2016. The Morose and Palmer Tracts are indicated, as is the spill location, as annotated by Homestretch. The date of the underlying image is unknown.

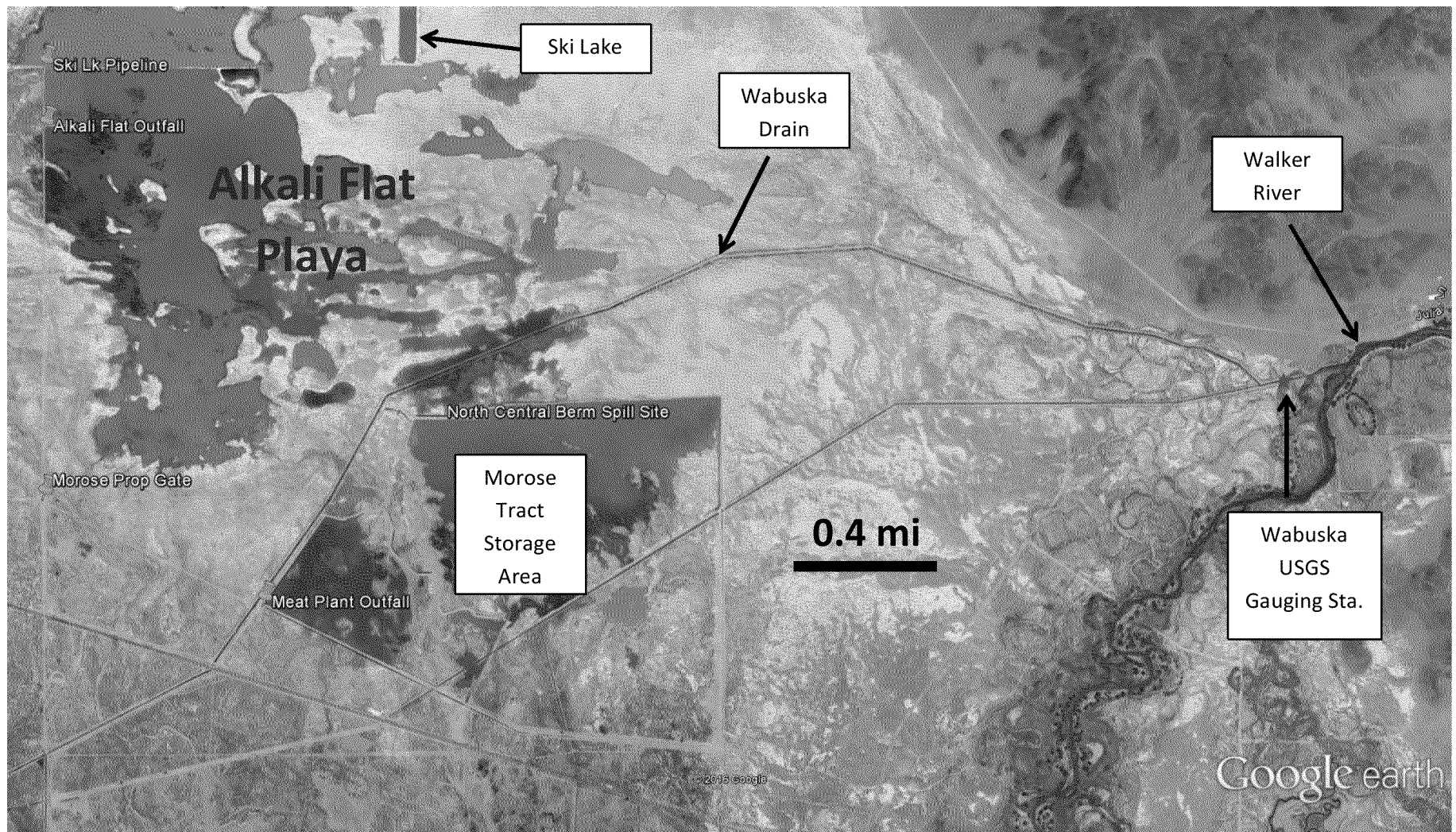


Figure 3: Location of the area of Spill Report 160314-02 and the area described in the “Five Day Report” submitted by Homestretch Geothermal. The Wabuska Drain and Walker River are shown. Permitted outfalls are also shown (Ski Lake, Alkali Flat, and Meat Plant). Imagery date is 6/13/2015.

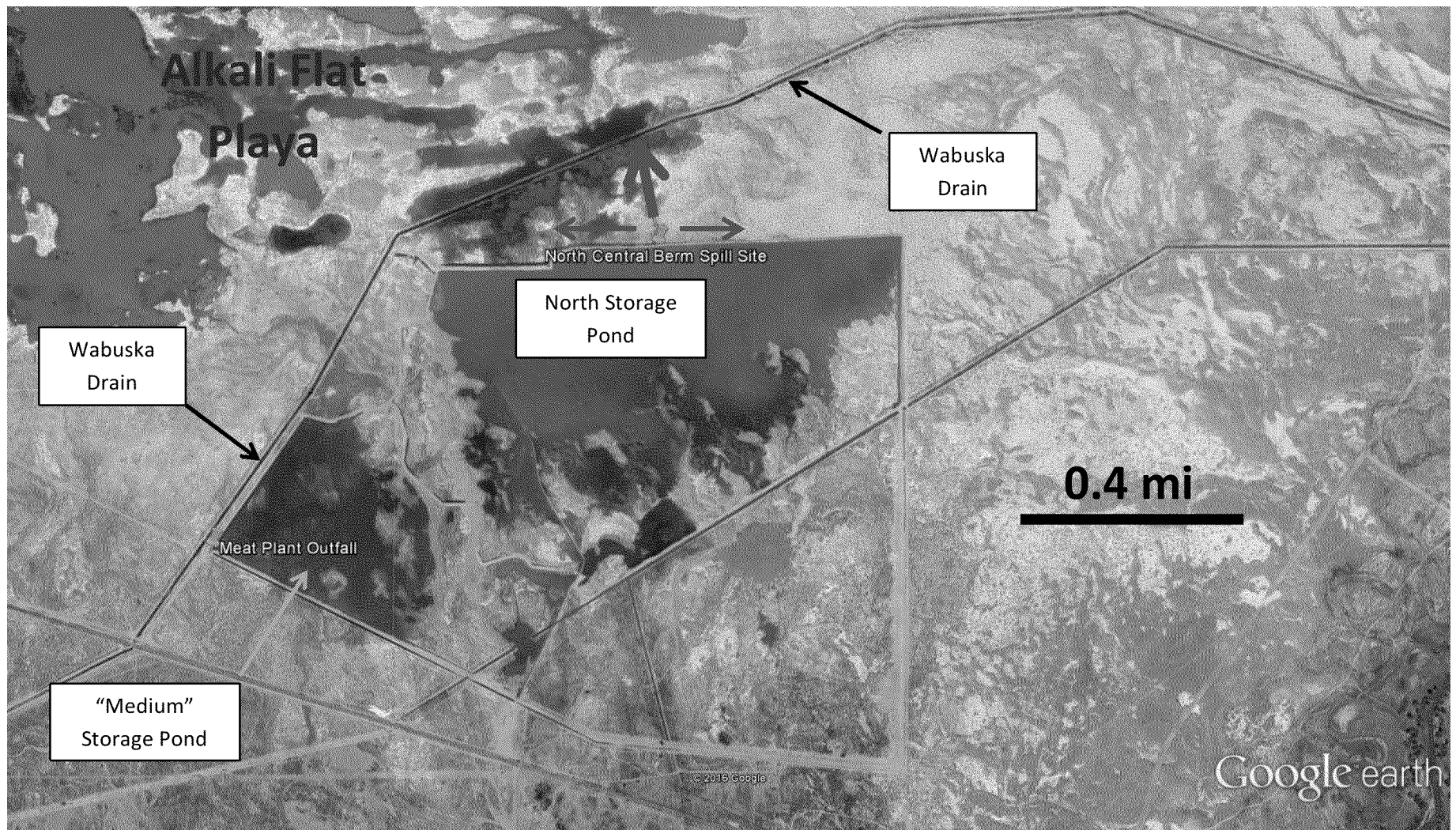


Figure 4: Detail map of Spill Report 160314-02 and area described in a 5-day report submitted by Homestretch Geothermal. The image shows that the North and Medium Storage Ponds have constructed barriers (berms) along some segments (constructed impoundments), ostensibly to prevent spillage into the Wabuska Drain. The path of flow from the spill is denoted by the thick red arrows (estimated by Homestretch). The northerly flow path is about 0.20 mile to the Wabuska Drain. Imagery date is 6/13/15.



Photo 1: The Meat Plant Outfall pipe (Outfall 005 in NS0092037). Homestretch has not used the outfall since the January 22 spill. The constructed embankment being measured by the DWR water engineer trends NNE and is constructed parallel to the Wabuska Drain, ostensibly to prevent spillage into the drain. The Wabuska Drain is out of view, left of the embankment.



Photo 2: The newly-constructed impoundment in the Palmer Tract area. The road trends approximately due North, and is on the top of a berm. On the left is a shallow, asymmetric impoundment, constructed by Homestretch presumably for water storage. Homestretch also intends to conduct irrigation on portions of the Palmer property.



Photo 3: View of the Wabuska Drain looking southeast. This location is approximately 0.70 miles NE from the Meat Plant Outfall pipe. The west side of the “North Central Berm” is located left of the Drain near the fence posts.

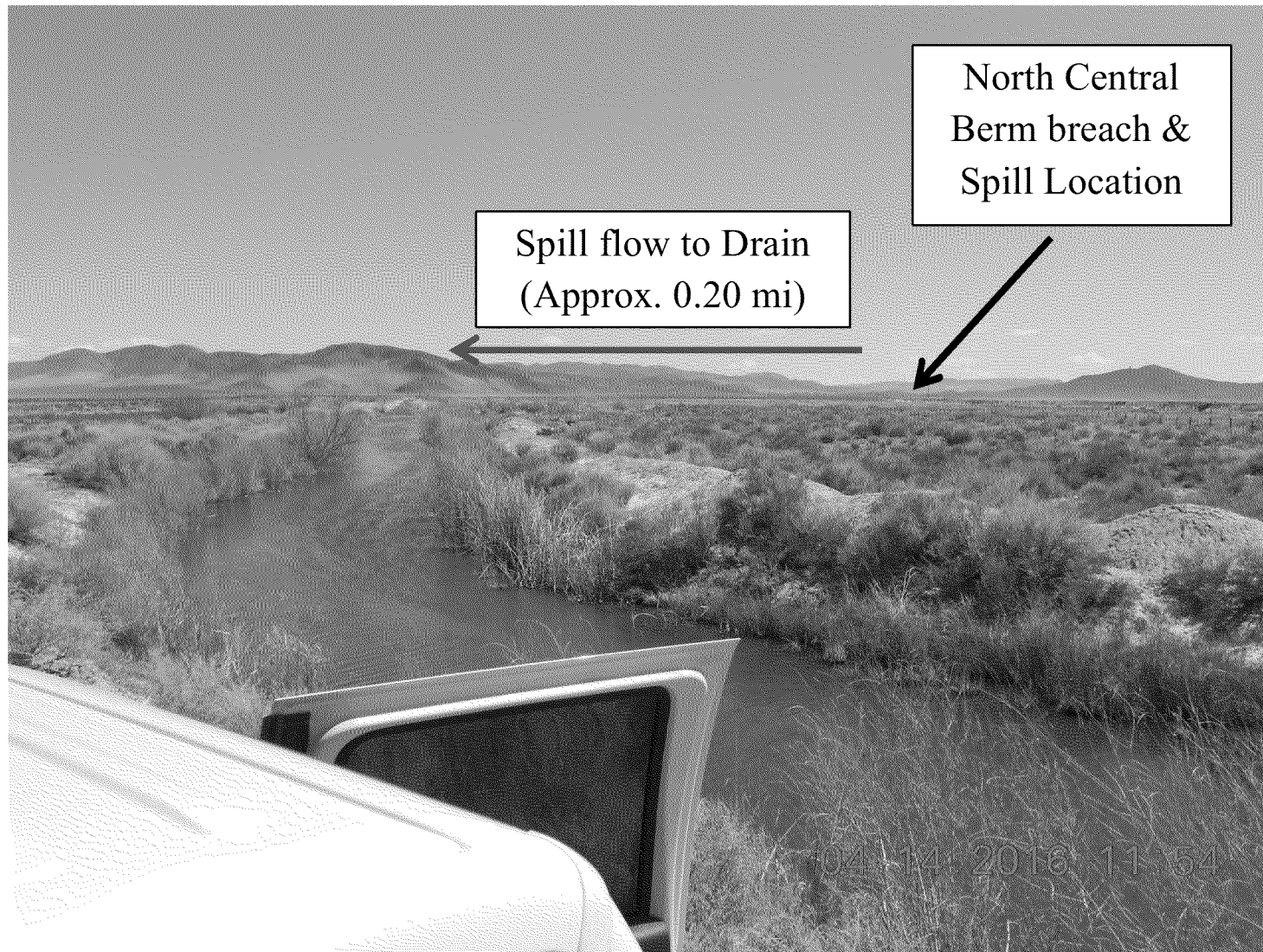


Photo 4: View of the Wabuska Drain looking ENE. This location is approximately 0.70 miles NE from the Meat Plant Outfall pipe. The approximate location of the breach in the North Central Berm is shown by the arrow, as pointed out to NDEP staff by Homestretch, which is due east of the photographer, approximately 0.50 mile away. The location of the breach was not accessible.

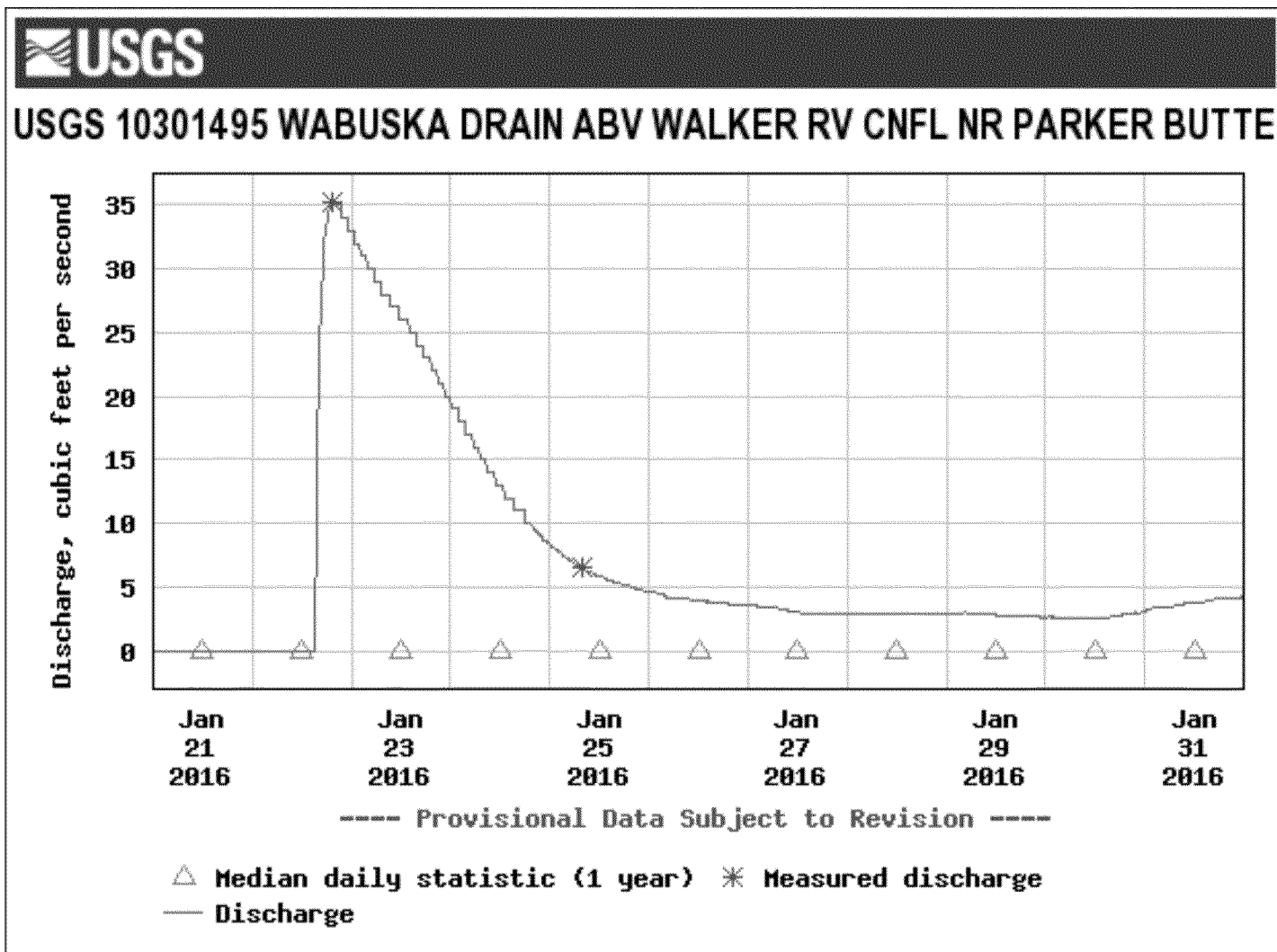


Figure 5: USGS Hydrograph 10301495 for the Wabuska Drain showing a spike in discharge coincident with the timeframe of the breach of Homestretch's North Central Berm on January 22 – 23, 2016. The location of the gauging station is noted in Figures 1 and 2.

Table 1: Homestretch Geothermal - Q4 2015 Inorganic Constituents
Outfall 005 (Meat Plant)

| Inorganic Aqueous Constituent | Concentration (mg/L), unless otherwise noted | Permit Limit (units specified) | Primary or Secondary DW Standard (units specified) | NV WQS Mason Valley Wildlife Refuge (mg/L unless otherwise noted) | NV WQS Walker River at the WR Indian Res. (mg/L unless otherwise noted) | Sampling Period |
|---|---|-----------------------------------|---|---|---|-----------------|
| Alkalinity (Total, as CaCO ₃) | 63 | M & R Only | None | None | None | Q4 2015 |
| Alkalinity, Bicarbonate HCO ₃ ⁻ | 63 | M & R Only | None | None | None | Q4 2015 |
| Aluminum | <0.10 | M & R Only | 0.2 mg/L | None | None | Q4 2015 |
| Antimony | <0.003 | M & R Only | 0.006 mg/L | None | None | Q4 2015 |
| Arsenic | 0.038 | M & R Only | 0.01 mg/L | None | None | Q4 2015 |
| Barium | 0.020 | M & R Only | 2 mg/L | None | None | Q4 2015 |
| Beryllium | <0.002 | M & R Only | 0.004 mg/L | None | None | Q4 2015 |
| Cadmium | <0.002 | M & R Only | 0.005 mg/L | None | None | Q4 2015 |
| Calcium | 27 | M & R Only | None | None | None | Q4 2015 |
| Chloride | 42 | M & R Only | 400 mg/L | None | 35 | Q4 2015 |
| Chromium | <0.010 | M & R Only | 0.1 mg/L | None | None | Q4 2015 |
| Copper | <0.020 | M & R Only | 1.3 mg/L | None | None | Q4 2015 |
| Fluoride | 6.9 | M & R Only | 4.0 mg/L | None | None | Q4 2015 |
| Iron | <0.30 | M & R Only | 0.6 mg/L | None | None | Q4 2015 |
| Lead | <0.005 | M & R Only | 0.015 mg/L | None | None | Q4 2015 |
| Magnesium | <0.50 | M & R Only | None | None | None | Q4 2015 |
| Manganese | 0.008 | M & R Only | 0.1 mg/L | None | None | Q4 2015 |
| Mercury | <0.0010 | M & R Only | 0.002 mg/L | None | None | Q4 2015 |
| Nickel | <0.010 | M & R Only | 0.1 mg/L | None | None | Q4 2015 |
| Nitrate-nitrite, Total-N | <0.50 | M & R Only | 10 mg/L | None | 1.5 | Q4 2015 |
| pH | 7.08 S.U. | M & R Only | 6.5 - 8.5 | 6.5 - 9.0 | 6.5 - 9.0 | Q4 2015 |
| pH-Temperature | 15.7 °C | M & R Only | None | None | 28°C (Apr - Jun) | Q4 2015 |
| Potassium | 12 | M & R Only | None | None | None | Q4 2015 |
| Phosphorous | 0.22 | M & R Only | None | None | 0.40 | Q4 2015 |
| Selenium | <0.005 | M & R Only | 0.05 mg/L | None | None | Q4 2015 |
| Silver | <0.005 | M & R Only | 0.1 mg/L | None | None | Q4 2015 |
| Sodium | 270 | M & R Only | None | None | 3 | Q4 2015 |
| Sulfate | 540 | M & R Only | 500 mg/L | None | 110 | Q4 2015 |
| Thallium | <0.001 | M & R Only | 0.002 mg/L | None | None | Q4 2015 |
| Total Dissolved Solids (TDS) | 1,000 | M & R Only | 1,000 mg/L | < 500 | 450 | Q4 2015 |
| Zinc | <0.10 | M & R Only | 5.0 mg/L | None | None | Q4 2015 |

HOMESTRETCH GEOTHERMAL “FIVE DAY REPORT”

This report contains information related to a “Spill” of water stored by Homestretch Geothermal 2010 LLC., which occurred on Friday, January 22nd, at approximately 8 AM. The BWPC requested the following information be included in this report.

a) The location of the Spill;

The approximate physical address of the water storage area is 180 Sierra Way, Yerington, NV. The water storage area is located on a 1,712 acre parcel located at this address. The area of the Spill is described as a portion of the North Central berm, of the North storage pond.

The Spill site is located at the following coordinates:

Latitude: 39° 9'0.43"N
Longitude: 119° 8'36.27"W

See Exhibit “A”, a map showing the location of the Spill.

b) The flow path and the receiving water (show connectivity and distance to the Walker), if any is identified;

When the Spill occurred, water flowed North, across the Wabuska drain, and settled in the low-lying area North of the drain, where water had historically pooled prior to being redirected to the storage area from which the spill originated. While some water flowed East along the Northern side of the containment berm, other water flowed West along the berm.

Although there was some spreading to the low areas near the berm, Homestretch believes that the vast majority of the water did cross the Wabuska drain, and collect on Homestretch’s property, where there is low ground that has held the water in the past.

From the Spill location, the Wabuska drain is approximately 1,100 feet to the Northwest. Once water entered the drain at the closest point to the spill site, (1,100 feet away) it would have to travel 2.5 miles through the Wabuska Drain, in order to enter the Walker River.

While the Drain is connected to the Walker River, Homestretch and other entities, such as the Walker River Irrigation District, which manages the Wabuska Drain, were aware of multiple natural and man-made dams that were constructed on the drain, between the Spill site and the Walker River. These dams would significantly impede the flow of water through the drain, further helping to push water across the drain into the low-lying area to the North.

See exhibit “B” for details

c) An estimate of the volume released;

Homestretch estimates that the total volume of water released from the storage area was approximately 364 acre-feet of water.

The above estimate was reached by considering the following: the amount of time that water was being discharged into the storage area (12 months), the total amount of water Homestretch pumps in a 12 month period (7,800 acre-feet), the % of total water pumped that was stored in the pond which failed (40% or 3,120 acre feet), the estimated surface area of the pond which failed (400 acres), the average evaporation rate for ponds in the vicinity (4 feet/year), the assumption that approximately 1/3 of the water would be lost to seepage over time through the dry, sandy areas of the containment area (approximately 1,000 acre feet), and the estimation that approximately 30% of the water contained did not escape the containment area.

See exhibit “C” for a breakdown of the estimate

d) A description of the component from which the release occurred (e.g., manhole, lift station, constructed overflow pipe, crack in pipe, etc.);

The containment berm is a dirt barrier, approximately 7 feet high and 18 feet wide at its base, constructed using a bulldozer. The berm surrounds the containment area, and varies in size based on surveyed elevation.

The portion of the berm that was breached is approximately 50 feet wide, and the full volume of dirt that formerly occupied the area of the breach appears to have been washed away, with some material falling back into the containment area during the Spill, and the rest of the dirt being carried away in the flow of water.

See photos in exhibit “D”

e) The estimated duration of the Spill;

Homestretch estimates that the spill began at approximately 8 AM on Friday the 22nd of January. It is estimated that some water continued to flow for a period of approximately 48 hours, at which time the Spill ended as the water found its level.

f) The cause or suspected cause of the Spill;

Homestretch does not know the exact cause of the Spill. The following causes have been considered;

1. Berm failure due to extreme weather. In the days prior to the Spill, severe winter weather including wind, rain, and snowfall in the vicinity of the berm, may have degraded the berm at an accelerated rate, with precipitation causing the top of the berm to settle further, and high winds creating waves which further eroded the berm until it failed.

2. Berm failure due to degradation over time. It is possible that the failure of the berm was the result of multiple factors, such as settling, erosion, wave action, etc., which over time weakened the berm enough to allow the Spill to begin, and then quickly compromise a larger portion of the berm.

3. Berm failure due to malicious intent. Homestretch is aware of at least one individual who has significant financial motivation to instigate a failure in the berm. This individual was the first person on the scene of the Spill, and had sufficient unsupervised access and time, as well as technical understanding of earthworks, to initiate the Spill.

To be clear, Homestretch DOES NOT have any evidence beyond circumstantial evidence that the berm failure was caused by malicious intent. This possibility is included for the sake of completeness in the report, but Homestretch is not actively seeking to prosecute, due to the absence of physical evidence.

g) Whether there was public contact with the Spill;

To the best of our knowledge, Homestretch is unaware of any public contact or impact of the Spill. Most of the water discharged in the Spill went directly to Homestretch's private property. Some areas of BLM land in the vicinity were also affected, but those areas are ordinarily inaccessible to the public, due to lack of roadways and existing waterways, ponds, etc. which limit access.

h) Steps taken to mitigate the Spill, including efforts to contain, limits public contact, and clean up or disinfect affected areas.

Homestretch immediately examined the vicinity of the Spill for any potential public impact, or possible damage to property in the vicinity, and found no immediate threats.

Homestretch determined that it would be impractical to stop the Spill, once underway, due to the difficulty in accessing the Spill site, the size of the breach and the volume of the Spill. Access to the Spill site was limited by significant rain and snowfall prior to the Spill, which made the roadway around the berm inaccessible. Homestretch determined that no significant machinery could be brought to the site on the roadway, and that to attempt to seal the breach with sandbags or other manual methods was both futile and potentially hazardous.

Homestretch also checked to ensure that existing dams in the Wabuska Drain were intact, to prevent water from leaving the vicinity. One of the artificial dams was in a state of disrepair, and Homestretch restored it to its original state.

Prior to the breach, Homestretch had ceased moving water to the containment area that failed, and was instead storing water in an adjacent pond. Once the Spill occurred, Homestretch ceased all storage in the vicinity, and returned the flow of water to another portion of Homestretch's property. No water has been sent to the storage area since the

Spill, in an ongoing effort to prevent a further Spill, and take corrective action for the Spill which occurred.

It is anticipated that no cleanup will be necessary, since no contaminants of any kind were released, and water will continue to evaporate or percolate back into the ground.

Once the area is dry enough to access with equipment, the berm will be restored and strengthened.

i) Steps taken to ensure future releases of similar nature don't happen in the future due to the same issue

Immediately following the Spill, Homestretch stopped storing water in the vicinity of the Spill, until existing berms can be re-evaluated and strengthened as necessary.

Homestretch immediately entered into negotiations to lease an additional water storage area. Since the Spill occurred, Homestretch has dedicated significant resources to the new storage area, to prevent any future Spills or other issues.

Homestretch is currently in the permitting process with other state agencies, to construct a permanent water storage facility on Homestretch's property. Once the permanent facility is permitted, construction will begin immediately, and within one year, all temporary storage areas will be abandoned in favor of the permanent storage site.

EXHIBIT "A" MAP SHOWING LOCATION OF SPILL



EXHIBIT “B” MAPS SHOWING PROXIMITY TO WALKER RIVER AND PATH OF SPILL



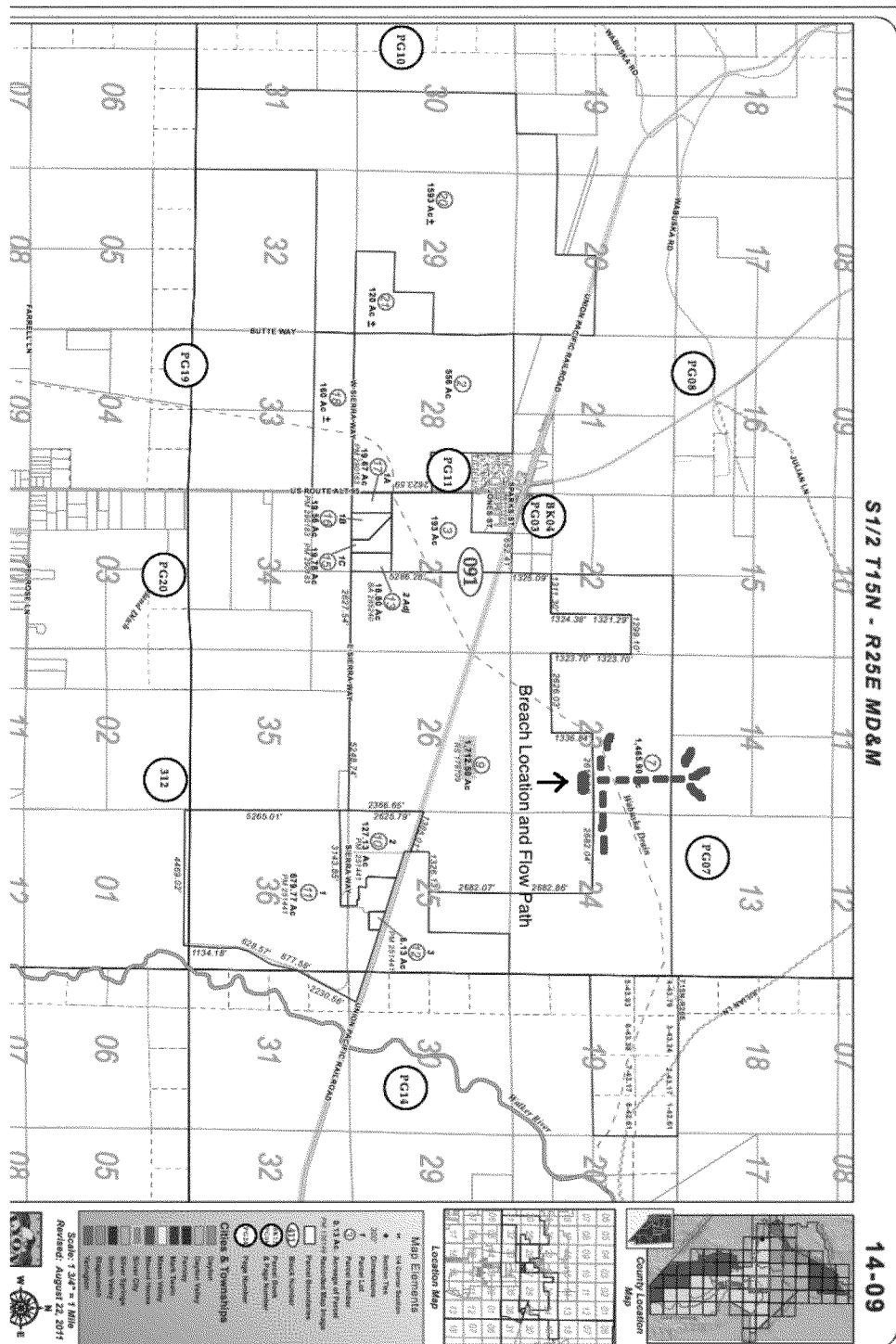
EXHIBIT "C" SPILL VOLUME ESTIMATE

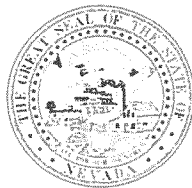
| HOMESTRETCH SPILL REPORT CALCULATIONS | |
|---|----------------|
| TOTAL TIME WATER WAS STORED AT THIS SITE | 12 MONTHS |
| TOTAL WATER PUMPED IN 12 MONTH PERIOD | 7800 ACRE FEET |
| | X |
| % OF TOTAL WATER STORED IN FAILED POND | 40% |
| | = |
| TOTAL WATER STORED IN FAILED POND | 3120 ACRE FEET |
| APPROXIMATE SURFACE AREA OF FAILED POND | 400 ACRES |
| | X |
| ANNUAL SURFACE EVAPORATION RATE IN AREA | 4 FEET |
| | = |
| WATER LOSS TO EVAPORATION | 1600 ACRE FEET |
| | + |
| ESTIMATED LOSS TO SEEPAGE | 1000 ACRE FEET |
| | = |
| TOTAL WATER LOST TO EVAPORATION AND SEEPAGE | 2600 ACRE FEET |
| TOTAL STORED MINUS TOTAL LOST | 520 ACRE FEET |
| | - |
| WATER REMAINING IN POND AFTER SPILL | 30% |
| | = |
| ESTIMATED TOTAL VOLUME OF SPILL | 364 ACRE FEET |

EXHIBIT “D” PHOTOS OF SPILL LOCATION



ALTERNATE VERSION OF BREACH AND PATH MAP





**DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES**

901 South Stewart Street, Suite 2002

Carson City, Nevada 89701-5250

(775) 684-2800 • Fax (775) 684-2811

<http://water.nv.gov>

March 22, 2016

Homestretch Geothermal LLC.
10 Julian Lane
Yerington, NV 89447
Certified Mail: 71067808063000623179

Re: Multiple ponds in Wabuska, Nevada, and a dam breach on January 22, 2016

To Whom It May Concern:

This office is charged with the regulation of and safety of dams and impoundments within Nevada. To that end, we are requesting information on the construction and operation of all of the impoundments operated by Homestretch Geothermal LLC.

This office has been notified that there was a dam breach and a large amount of fluids released in an uncontrolled manner from holding ponds in your operation. The USGS stream gauge data from Jan. 22, 2016 revealed a large inflow into the Walker River.

Filing a Notice to the State Engineer for any impoundment within Nevada is required prior to construction, reconstruction or altering said impoundment in any way and approval of plans and specifications by the State Engineer (safety of dams permit) is required for any dam or impoundment either 20 feet (20') in height or 20 acre-feet in capacity pursuant to Nevada Revised Statutes (NRS) 535.010. This chapter was adopted in 1951.

It is the practice of this office, when confronted by long-established dams and impoundments, to:

- 1) Note their presence;
- 2) Gain as much information as possible on their construction
- 3) Ensure the water rights are in order; and
- 4) Incorporate the structures within the safety of dams program, i.e. periodic inspections.

Item (1) is addressed by this letter.

Item (2) is probably best addressed through dialogue so that all reasonable efforts are expended in finding the pertinent information. Your attention is directed to Nevada Administrative Code Chapter 535, specifically Sections 535.210, 535.240 and 535.250. For the instant, please provide a site map identifying

each impoundment and their estimated capacities. Please also be prepared to provide stability analyses for the embankments and if any of the embankments have been constructed on or after April 2003, an application for approval of plans and specifications will be required.

Item (3) appears to be satisfied as numerous active water rights are in the name of Homestretch Geothermal LLC. Homestretch Geothermal 2012, LLC is shown as owner of record of water rights under Permits 47644, 62460, 62461, 70677, 70677S04, 70677S05, 70677S06, 73999, 74000, 74002, 74005 and 74007, with a total combined duty shall not exceed 8,688 acre-feet annually.

Item (4) will be addressed by this office. It is apparent from the institutional knowledge here and review of maps and aerial/satellite photographs that the dams (dikes) creating the impoundments are "low" hazard and therefore would be on a five (5) year inspection rotation.

In the future, no construction, reconstruction or alteration of any embankment, existing or otherwise, may take place without a safety of dams permit "in hand." You are required to comply with this request for information within sixty (60) days of the date on this letter. Failure to comply will result in further administrative action.

If you have any questions on this topic, please feel free to contact me at (775) 684-2826 or this office at (775) 684-2800 or by email at Lopperman@water.nv.gov.

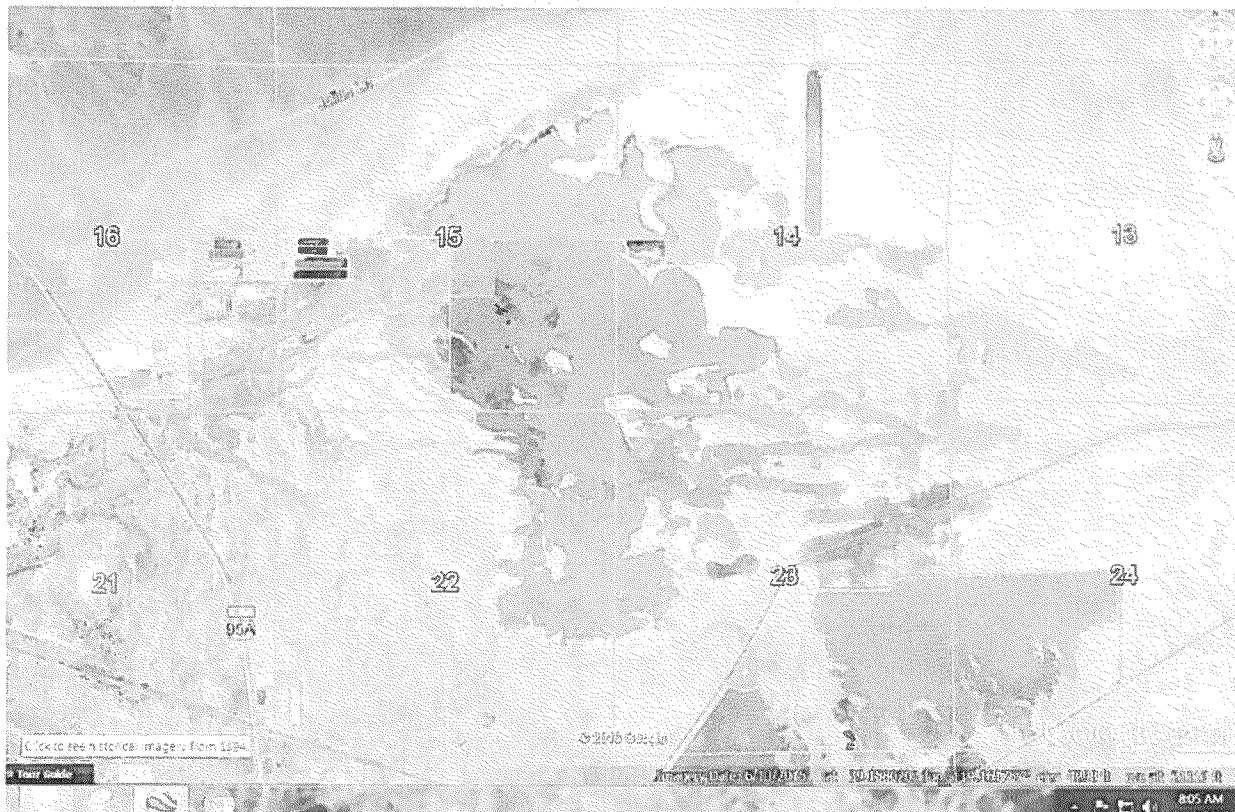
Sincerely,



P. Luke Opperman, P.E.
Staff Engineer III

PLO/ac

cc: NDEP BMRR, Alexi Lanza
National Corporate Research, LTD. 202 S. Minnesota St., Carson City, NV, 89703



Google Earth View of Ponds on June 13, 2015



**DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES**

**901 South Stewart Street, Suite 2002
Carson City, Nevada 89701-5250
(775) 684-2800 • Fax (775) 684-2811
<http://water.nv.gov>**

April 21, 2016

WARNING NOTICE

Homestretch Geothermal, LLC
10 Julian Lane
Yerington, NV 89447
Certified Mail # 71067808063000624879

Re: Homestretch Geothermal, LLC Dam Construction

To Whom It May Concern:

Staff from the Nevada Division of Water Resources, Office of the State Engineer (NDWR) and the Nevada Division of Environmental Protection-Bureau of Water Pollution Control conducted a site visit at Homestretch Geothermal on April 14, 2016, to investigate various issues. The site visit documented proof of an illegal dam being constructed on your property without notifying NDWR and/or applying for a permit that is required by Nevada Revised Statute (NRS) 535.010. Per NRS 535.010(4), "the construction of any dam is prohibited before approval of the plans and specifications by the State Engineer." Nevada Administrative Code 535.200 further specifies what is to be included in the notification sent to NDWR before construction, reconstruction or alteration of a dam.

By letter dated March 22, 2016, NDWR informed you of the requirements of NRS Chapter 535 in reference to the construction of dams, after the NDWR was notified of a dam breach from one of your holding ponds. Please note that you are still also required to comply with the requirements of the March 22, 2016 letter, within the 60 day compliance timeframe from the date of that letter.

Until plans and specifications for the dam that is currently being constructed on site are provided to the NDWR and a permit issued by the State Engineer, you are here ordered to **cease and desist any and all dam construction**. Please also note that the dam in question shall not impound any water until the permitting issues have been resolved.

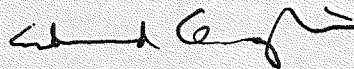
The State Engineer requires that the embankment dam plans and specifications be submitted to this office within 60 days from the date of this letter. This is the only warning notice you will receive.

In the event that you do not take corrective action and resolve the issues addressed in this warning letter in a timely manner, the NDWR will commence an enforcement action against you pursuant to Nevada Administrative Code (NAC) Chapter 532. Please be advised that the possible penalties which may be assessed in an enforcement action per NAC 532.210 include:

1. Payment of an administrative fine not to exceed \$10,000 per day for each violation;
2. Replacement of not more than 200% of the water used, wasted, or diverted; and/or
3. Payment of the costs of the proceeding, including investigative costs and attorney's fees.

The NDWR appreciates your attention to this important matter. If you have any questions regarding this letter or need further assistance in how you can address the deficiencies identified above, please contact me at (775) 684-2844. If you are unable to contact me, please call our general line number (775) 684-2800 during regular business hours and ask for the Deputy Administrator, Kelvin Hickenbottom, who is familiar with this Warning Notice.

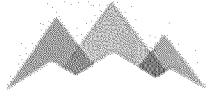
Sincerely,



Edmund Quaglieri, P.E.
Manager II

EQ/KW/ac

cc: Reed Cozens, Email
Steve Shell, Email
Chad Walling, Email
Nevada Division of Minerals
Jason King, Email
Kelvin Hickenbottom, Email
Edmund Quaglieri, Email
Luke Opperman, Email
Homestretch Geothermal (Utah address)



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources

Brian Sandoval, Governor
Leo M. Drozdoff, P.E., Director
David Emme, Administrator

April 22, 2016

Cory Egbert
WABUSKA POWER PLANT
15 JULIAN LANE
YERINGTON NV - 89447

Certified Mail#
9171 9690 0935 0037 8659 83

Site Name: Homestretch Geothermal Wabuska Power Plant

Re: CEASE and DESIST ACTIONS (C.A.I.D. #5801)
Permit # NS009034

Dear Mr. Egbert,

The Homestretch Geothermal's Wabuska Power Plant (Homestretch) was found to have discharged geothermal water not in compliance with the groundwater discharge permit #NS009034. Therefore, Homestretch shall immediately cease and desist all discharges from Homestretch's Outfall 5 Export Pipeline #2 to the meat packing plant (Outfall #5).

To resume discharging from Outfall #5, Homestretch must demonstrate that geothermal water discharged from Outfall #5 will not enter the Wabuska Drain.

This letter serves as Homestretch's only warning notice to comply. If Homestretch resumes to discharge from Outfall #5 without NDEP's approval, further enforcement actions may be assessed with civil penalties of up to \$ 25,000 per item per day of noncompliance.

If there are any questions, please contact me at (775) 687-9435.

Sincerely,

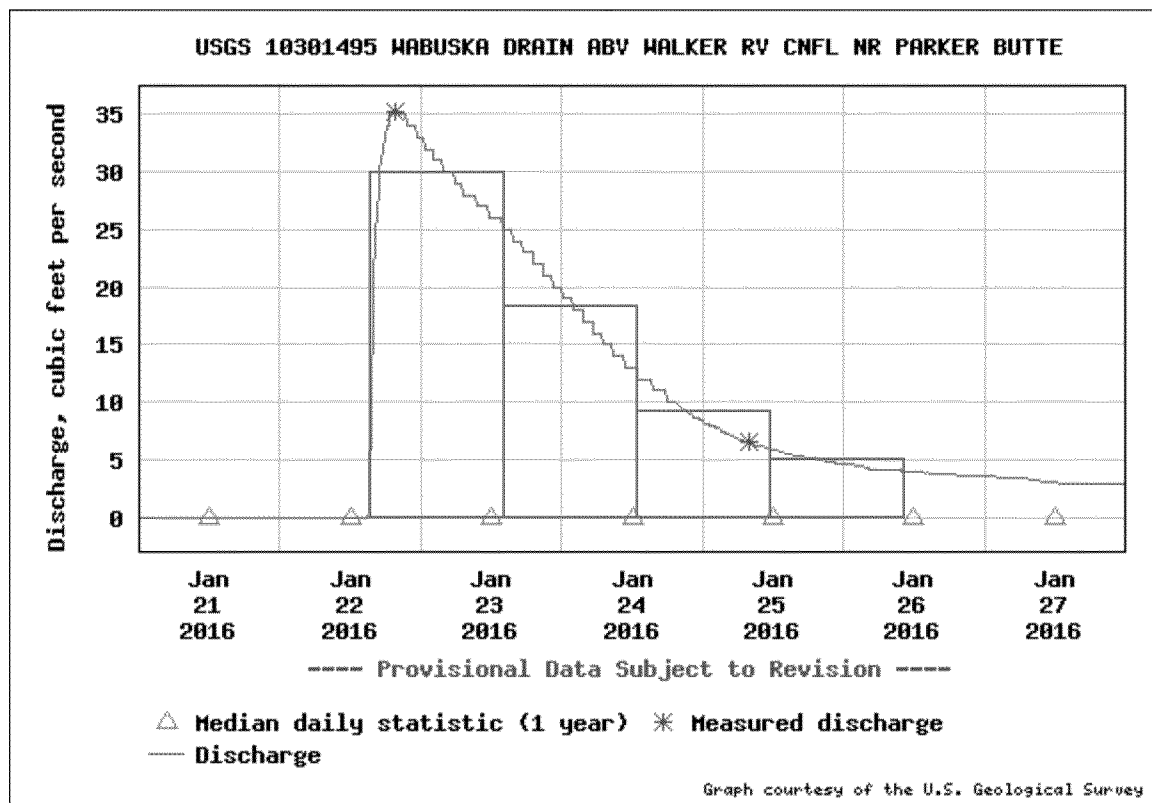
Joe Maez
Technical, Compliance and Enforcement
Bureau of Water Pollution Control

CC:

Andrew Egbert, HOMESTRETCH GEOTHERMAL 2010, LLC, 611 W 1760 N WASHINGTON UT - 84780
Compliance Reader File (Blue)

ECC:

William Campbell, Tribal-State Environmental Liaison, NDEP
Bruce Holmgren, Chief BWPC, NDEP
Katrina Pascual P.E., Compliance & Enforcement Branch BWPC, NDEP
Pat Mohn, P.E. Compliance & Enforcement Branch BWPC, NDEP

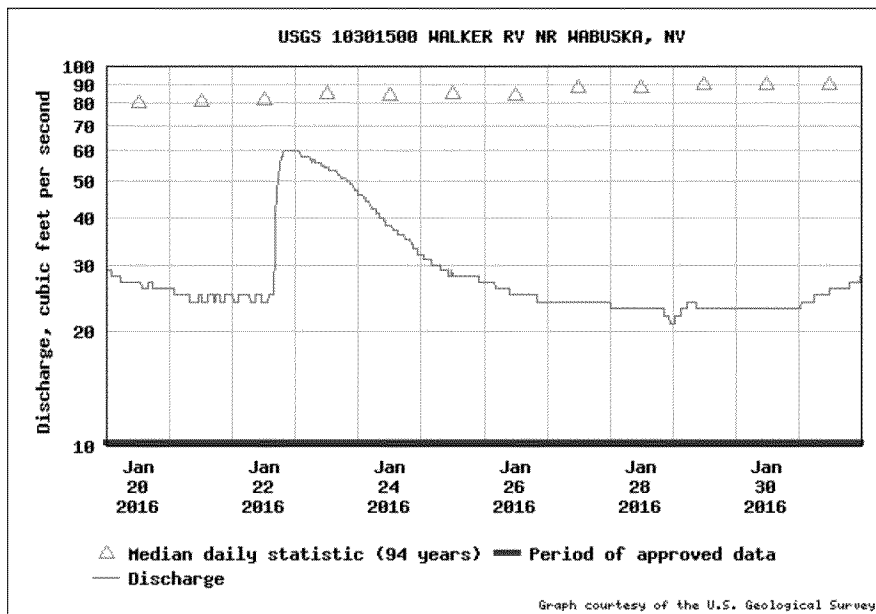


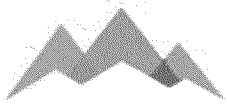
1 cfs = 1.984 Acre-feet for a 24 hour period

So the area under the curve was divided into 4 parts (each about 24 hrs) to approximate the flow from the breached impoundment to the Wabuska drain.

The daily flow rates of; 30 cfs + 18 cfs + 9 cfs + 5 cfs = 62 cfs cumulative over the 4 day period, total to about 123 acre-feet

The flow rate is also consistent in reviewing the Walker River Gage Data.





NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources
Brian Sandoval, Governor
Leo M. Drozdoff, P.E., Director
David Emme, Administrator

May 11, 2016

Cory Egbert
WABUSKA POWER PLANT
15 JULIAN LANE
YERINGTON NV - 89447

Certified Mail#
9171 9690 0935 0037 8659 85

Site Name: Homestretch Geothermal, LLC, Wabuska Power Plant

Re: Formal Enforcement #NOV051116W1 (C.A.I.D. #10896)
Permit: NS0092037

Dear Mr. Egbert:

The enclosed Finding of Alleged Violation and Order issued by the Administrator of the Nevada Division of Environmental Protection (NDEP), pursuant to Nevada Revised Statutes (NRS) 445A.675 and 445A.690, requires compliance with the terms and conditions of the Order. Any violation of the enclosed Order could subject Homestretch Geothermal, LLC, Wabuska Power Plant (the Permittee) to an action for relief pursuant to NRS 445A.695, NRS 445A.700 and NRS 445A.705.

The Finding of Alleged Violation and Order were developed as a result of the Permittee having released approximately 364 acre-feet (119 million gallons) of spent geothermal water with an estimated 123 acre-feet (40.1 million gallons) of the release entering the Wabuska Drain.

Pursuant to NRS 445A.690, the enclosed Finding of Alleged Violation and Order is final and not subject to review unless, within thirty (30) days after the date the Order is served, a request by written petition for a hearing (Form #3, attached) is received by the State Environmental Commission. Send required documents to: Valerie King, 901 S. Stewart St., Suite 4001, Carson City, NV 89701, or by telefax at (775) 687-5856. Please provide me with a copy of any correspondence which you have with the State Environmental Commission, concerning this matter.

Finally, if you have any questions on this matter, please contact me at (775) 687-9315.

Sincerely,

Katrina A. Pascual, P.E.
Technical, Compliance and Enforcement Branch
Bureau of Water Pollution Control

Enclosures: Finding of Alleged Violation
Order
SEC Form # 3

Electronic cc:

Dave Emme, Administrator, NDEP
Jennifer Carr, P.E., Deputy Administrator NDEP
Bruce Holmgren, P.E., Chief, BWPC
Valerie King, State Environmental Commission
Katie Armstrong, Deputy Attorney General
JoAnn Kittrell, DCNR Public Information Manager
William Campbell, Tribal-State Environmental Liaison, NDEP
Luke Opperman, P.E., Staff Engineer III, NDWR
Joe Maez, P.E., Compliance Supervisor, BWPC, NDEP
Pat Mohn, P.E. Compliance & Enforcement Branch BWPC, NDEP

Cc:

Andrew Egbert, HOMESTRETCH GEOTHERMAL 2010, LLC, 611 W 1760 N
WASHINGTON UT - 84780
Enforcement Reader File (Red)

FINDINGS OF ALLEGED VIOLATION

I. This Finding is made on the basis of the following facts:

A. Relevant Statutory and Regulatory Authority:

1. The State of Nevada Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP), under the authority of Nevada Revised Statutes (NRS) 445A.445 (1), has the power and duty to administer and enforce the provisions of NRS 445A.300 to 445A.730, inclusive, and all rules, regulations and standards promulgated by the State Environmental Commission and all orders and permits promulgated by the Department.

2. NRS 445A.465 (1) - Unlawful discharge of a pollutant without a permit

Except as authorized by a permit issued by NDEP under the provisions of NRS 445A.300 to 445A.730 inclusive and regulations promulgated under such sections by the Commission, it is unlawful for any person to:

- a. Discharge from any point source any pollutant into any waters of the State or any treatment works.
- b. Inject fluids through a well into any waters of the State.
- c. Discharge from a point source a pollutant or inject fluids through a well that could be carried into the waters of the State by any means.
- d. Allow a pollutant discharged from a point source or fluids injected through a well to remain in a place where the pollutant or fluids could be carried into the waters of the State by any means.

B. Injunctive Relief and Penalties:

1. Pursuant to NRS 445A.695, the NDEP may apply to the district court to enjoin the continuance or occurrence of any act or practice which violates the provisions of NRS 445A.300 to 445A.730, inclusive, or of any regulation adopted or order issued pursuant thereto.
2. Pursuant to NRS 445A.700, a person who violates any provision of NRS 445A.300 to 445A.730 inclusive, shall pay a civil penalty of not more than \$25,000 for each day of the violation.

C. Applicable Permit NS0092037 Section:

II.A.4 Noncompliance, Unauthorized Discharge, Bypass, and Upset

- a. Any diversion, bypass, spill, overflow, upset, or discharge of treated or untreated wastewater from wastewater treatment or conveyance facilities under the control of the Permittee is prohibited except as authorized by this permit. In the event the Permittee has knowledge that a diversion, bypass, spill, overflow, upset, or discharge not authorized by this permit is probable, the Permittee shall immediately notify the Division by calling the NDEP Spill Hotline at 1-888-331-6337 or 1-775-687-9485.
- b. The Permittee shall notify the Administrator within twenty-four (24) hours of any diversion, bypass, spill, upset, overflow, or release of treated or untreated effluent other than that which is authorized by this permit.
- c. A written report shall be submitted to the Division within five (5) days of diversion, bypass, spill, overflow, upset, or discharge detailing the entire incident.

D. Factual Allegations:

The Homestretch Geothermal, LLC will hereby be referred to as the "Permittee."

1. On January 22, 2016 at approximately 8 am, a berm for an impoundment of discharged geothermal water failed and released approximate 364 acre-feet of the geothermal water. The geothermal water released from the impoundment, entered a neighboring property, and a portion of the geothermal water discharged into the Wabuska Drain which flows into the Walker River. The discharge was reported by the Permittee to have ceased after 48 hours.
2. On March 14, 2016, NDEP was notified by an anonymous party that a large amount of geothermal water was release off of the Homestretch Geothermal property
3. On March 15, 2016, NDEP staff went out to the Homestretch Geothermal facility in Wabuska to verify this spill report. The release was confirmed

by NDEP staff. NDEP staff informed the Homestretch operations manager, Corey Egbert, of the requirement to notify NDEP within 24 hours of an unauthorized release from the facility.

4. On April 7, 2016, NDEP held a meeting with the Permittee to discuss the unpermitted discharge, included in the discussion was confirmation from Mr. Egbert, that all future un-authorized releases from this facility would be reported in accordance with the permit.
5. A Cease and Desist letter for any further release from this outfall was issued on April 22, 2016.

II. Findings Of Alleged Violations: Pursuant to NRS 445A.700 and Sections II.A, and II.B of this FOAV, the Permittee is subject to a penalty of no more than \$25,000 per violation per each day. Thus, the Permittee is subject to a civil penalty for every day not in compliance with NRS 445A.465 and Permit NS0092037.

Based upon the foregoing statutory and regulatory authority and the factual allegations set forth herein, the NDEP finds and alleges as follows:

- A. On January 22, 2016 until January 24, 2016, over a period of 3 days, the Permittee released approximately 364 acre-feet (119 million gallons) of spent geothermal water from their impoundment to the Wabuska Drain and neighboring properties. It was calculated that approximately 123 acre-feet (40.1 million gallons) reached the Wabuska Drain, which flows to the Walker River. This is a violation of NRS 445A.465 and Section II.A.4.a of Permit NS0092037.
- B. On January 22, 2016, the Permittee failed to notify the NDEP through the spill reporting hotline within 24 hours of the unauthorized discharge and failed to submit a report within 5 days of the unauthorized discharge. This is a violation of Permit NS0092037 Section II.A.4 a through c.

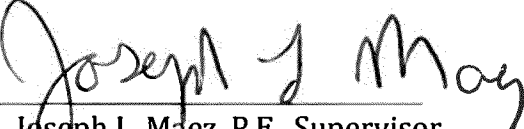
III. Conclusion

On the basis of the facts listed above and the unauthorized discharge to waters of the State caused by the alleged violations, the Administrator of the Division of Environmental Protection finds the Permittee in alleged violation of NRS 445A.465 and Permit NS0092037.

IN THE MATTER OF)
Homestretch Geothermal)
Permit NS0092037)

Page 4 of 4

5/11/16
Date



Joseph L. Maez, P.E., Supervisor
Technical, Compliance and Enforcement Branch
Bureau of Water Pollution Control

ORDER

This Order is issued under the authority vested in the Director, Department of Conservation and Natural Resources by Nevada Revised Statutes (NRS) 445A.445 and 445A.450, which has been delegated to the Division of Environmental Protection (NDEP), and is issued in accordance with the provisions of NRS 445A.660, NRS 445A.675 and NRS 445A.690.

On the basis of the Finding of Alleged Violation attached hereto and made a part of this Order, the Administrator of NDEP, pursuant to authority delegated to him by the Director, Department of Conservation and Natural Resources, has determined that Homestretch Geothermal, LLC (Permittee) is in alleged violation of NRS 445A.465 and Permit NS0092037.

IT IS HEREBY ORDERED:

That the Permittee completes the following acts by the date specified:

1. By end of business on June 01, 2016, provide an explanation of the factors that occurred which resulted in the discharge of geothermal water that began on January 22, 2016.
2. By end of business on June 01, 2016, provide an explanation as to why NDEP was not notified within 24 hours of the discovery of the unauthorized release of geothermal water.
3. By end of business on June 01, 2016, submit to NDEP an evaluation of the integrity and design of all impoundment berms onsite that will be used for the discharge of geothermal water.
4. By end of business on June 01, 2016, provide the water quality data of the geothermal water released and the environmental impact of the release on the surrounding properties and to the Wabuska Drain.
5. By end of business on June 01, 2016, provide the economic benefit realized, if any, that caused the failure of the berm thus releasing the geothermal water.
6. By end of business on June 01, 2016, provide a plan to maintain compliance with the Permit.
7. By end of business on June 01, 2016, schedule a meeting at the Division of Environmental Protection's Carson City office to "show cause" why NDEP should not seek civil penalties for the violations cited. Please contact Katrina Pascual at (775) 687-9315 to arrange this meeting.


IN THE MATTER OF)
Homestretch Geothermal)
Permit NS0092037)

Order No. NOV0501116W1

Page 2 of 2

The dates provided only serve to set a compliance schedule for this administrative Order, after which non-compliance will result in further escalation of enforcement actions and financial penalties. Financial penalties of up to \$25,000 per violation per day may be levied on the Permittee for every day the Permittee is out of compliance and until returned to compliance with Nevada Revised Statutes, Nevada Administrative Code and applicable permit provisions.

5/11/16
Date



Bruce Holmgren, P.E., Chief
Bureau of Water Pollution Control
Nevada Division of Environmental Protection

NDEP # 160314-02

Report Date: 3/14/2016 Report Time: 1020

Incident Date: 1/22/2016 Incident Time: 2200

Do You Want to Remain Anonymous? ☒

Reporting Person: _____

Reporting Agency: _____

Address: _____ Phone: _____ Ext: _____

City: _____ State: NV Zip: _____ Zip+4: _____

Discharger/Owner/Operator of Facility: Homestretch Geothermal LLC

Address: 10 Julian Ln DOT#: _____

City: Yerington State: NV Zip: 89447 Zip+4: _____

Contact Person: _____ Phone: (775) 463-4633 Ext: _____

APN#: _____ UST Facility ID / BWPC Permit #: _____

Location of Complaint/Spill: Release to the Wabuska drain & Walker River - South East corner of property - Sierra Way property.

Facility Address if different from discharger: _____

City: Yerington State: NV County: Lyon

Township: _____ Range: _____ Section: _____ Q,Q2: _____ Mile Marker: _____

Type of Material Discovered: geothermal fluids

Concentration/Analytical Data: unknown

Quantity Found: Millions of gallons Container: Other

Media Affected: Surface water If UST, Confirmed Visually? _____

Cause of Complaint/Spill: _____

Large pond with geothermal fluids onsite had a catastrophic failure. Release to the Wabuska drain (1/4 mile) & Walker River which is about 3 miles from release point. The plant was made aware of breach on approx. Jan 22, 2016 by neighbors. (cont.)

Remedial Action Taken: _____

Release lasted 5 to 7 days into the river system.

Oversight/Enforcement: _____ Email Address: _____

NDEP BWPC Joe Maez & Others - NDOT - Michael Simm jmaez@ndep.nv.gov; clawson@ndep.nv.gov; kpas

cc: County Lyon County Manager Jeff Page, Scott Huntley (N. jpage@lyon-county.org; shuntley@northlyonfire.

cc: NDEP BAPC CAPP Matt DeBurle mdeburle@ndep.nv.gov

cc: _____

Comments: _____

Report Taken By: Alexi Lanza



Complaint/Spill Report Form

State of Nevada

Telephone: (888) 331-6337

Fax: (775) 687-8335